



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised September 13, 2006

S. 2464

**A bill to revise a provision relating to a repayment obligation of the
Fort McDowell Yavapai Nation under the Fort McDowell
Indian Community Water Rights Settlement Act of 1990,
and for other purposes**

As ordered reported by the Senate Committee on Indian Affairs on June 22, 2006

S. 2464 would cancel the Fort McDowell Yavapai Nation's obligation to repay a loan it received from the Secretary of the Interior to build an irrigation project on the Fort McDowell Indian Reservation. The Fort McDowell Indian Community Water Rights Settlement Act of 1990 provided a \$13 million loan to the Yavapai Nation, to be repaid over a term of 50 years without interest. S. 2464 also would relieve the Secretary of the Interior of the environmental mitigation responsibilities created by the earlier act. That act authorized appropriations of the necessary amounts to complete the environmental mitigation.

Based on information from the department, CBO estimates that forgiving the loan would increase direct spending by about \$4 million in 2007, assuming enactment near the start of fiscal year 2007. (Under agreement with the agency, the tribe will not begin repaying the loan until fiscal year 2008.) The increase in direct spending represents the net present value of the expected repayments over the remaining life of the loan. Any savings from relieving the Secretary of the Interior from environmental mitigation costs for the tribe would depend on future appropriation acts. Based on information from the department, such costs could be a few million dollars.

S. 2464 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The bill would benefit the Fort McDowell Yavapai Nation by cancelling its loan obligation and would impose no costs on any other state, local, or tribal government.

On July 13, 2006, CBO transmitted a cost estimate for S. 2464 as ordered reported by the Senate Committee on Indian Affairs on June 22, 2006. This cost estimate revises and supersedes the earlier estimate, reducing the estimated cost of the bill by \$1 million.

In the initial estimate, CBO assumed that the repayment of the \$13 million loan the Fort McDowell Yavapai Nation received from the Secretary would begin during fiscal year 2006. As a result, CBO estimated that the net present value of lost repayments over the life of the loan would total about \$5 million. Later, CBO received information from the department that demonstrates that, under current law, the loan repayment would commence in fiscal year 2008. As a result, CBO now estimates that forgiving the loan would increase direct spending by about \$4 million in 2007, assuming enactment near the start of fiscal year 2007.

The CBO staff contacts for this estimate are Gregory Waring (for federal costs) and Marjorie Miller (for the impact on state, local, and tribal governments). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.